

Placer County Affordable Housing Strategy

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PLACER COUNTY AFFORDABLE HOUSING STRATEGY

I. Introduction

Local governments play a critical role in the provision of housing which is affordable to low-and moderate-income households.

Over the past decade Placer County has undertaken a variety of activities designed to meet its housing needs. It has carried out programs to rehabilitate substandard housing utilizing federal Community Development Block Grants and other funding sources, administered federal rent subsidies, and supported a variety of private and public affordable housing endeavors.

In 1996, the County approved the formation of the first of three major redevelopment projects - actions which have accentuated the need to develop a coordinated and practical implementation strategy for the provision of affordable housing in the future.

Redevelopment activities are inseparable from affordable housing mandates. California Redevelopment Law emphasizes the production of affordable housing, by (1) requiring the establishment of housing set-aside funds using tax increment proceeds that are generated through redevelopment and (2) incorporating the production of affordable housing into redevelopment programs.

In the approaching years, Placer County's redevelopment programs will produce substantial, long-term, annual funding for affordable housing activities. The continuing success of the County's redevelopment programs will be dependent upon the timely and judicious expenditure of these affordable housing funds.

One of the challenges of devising a practical implementation strategy for Placer County involves matching affordable housing programs with the diverse needs of the County. It requires consideration of various layers of plans and policies, administrative systems for program delivery, and wide-ranging geographic, environmental and social factors. Affordable housing program options which comprise the affordable housing strategy must, therefore, be considered in light of established policies, program delivery needs, and the distinctive characteristics of the communities of Placer County.

II. Existing Housing Policies and Programs

This section reviews Placer County's existing affordable housing plans, policies, requirements, and programs. The County's *goals and policies* are examined separately from *programs*, which are identified in the latter part of this section.

HOUSING POLICIES

The Housing Element of the Placer County General Plan and certain community plans provide the overall framework for Placer County's formally adopted affordable housing goals and policies. In addition to these goals and policies, there are legal requirements for the provision of affordable housing in connection with the County's redevelopment program activities.

The Placer County General Plan's Housing Element contains affordable housing goals and policies, and identifies a variety of housing programs applicable throughout the County. Similarly, some of the community plans include affordable housing policies intended to supplement and elaborate upon those found in the Housing Element. Community Plans adopted as part of the Placer County General Plan include:

Alpine Meadows (Bear Valley)

Auburn/Bowman

Colfax

Dry Creek West Placer

Foresthill

Granite Bay

Horseshoe Bar/Penryn

Lake Tahoe

Martis Valley

Meadow Vista

North Tahoe

Ophir

Sheridan

Squaw Valley

Sunset

Tahoe City
Ward Valley
Weimar/Applegate/Clipper Gap

In addition to the policies contained within the Housing Element and various community plans, there are specific affordable housing requirements set forth within the redevelopment plans for each of the County's three redevelopment project areas.

Placer County Housing Element Affordable Housing Goals and Policies

The Placer County General Plan Housing Element contains the following affordable housing goals and corresponding policies:

Goal A: *To provide a continuing supply of affordable housing to meet the needs of existing and future Placer County residents in all income categories.*

Policies:

1.A The County shall adopt policies, programs and procedures with the intent of achieving its fair share regional housing allocation, including the numbers of units for each income classification.

2.A The County shall maintain an adequate supply of appropriately zoned land with public services to accommodate projected housing needs.

3.A The County shall ensure that its adopted policies, regulations and procedures do not add unnecessarily to the cost of housing while attaining other important County objectives.

4.A The County shall give highest priority for permit processing to development projects that include a lower-income residential component.

5.A The County shall encourage "mixed-use" projects where housing is provided in conjunction with compatible "non-resident" uses.

6.A The County shall relax or reduce development standards for low-income housing projects as an incentive for developers.

7.A Prior to disposing of County-owned land, the County will consider the appropriateness of such land for housing, in which case it may lease, sell, or grant the property to facilitate the construction of lower-income housing.

8.A *The County shall establish a public housing authority serving the Placer County area.*

9.A *The County shall encourage the creation of a non-profit housing development corporation whose primary focus will be to serve the Placer County area. (Note: Since adoption of the Housing Element, this has occurred.)+*

10.A *The County shall, through a public housing authority and/or in conjunction with non-profit or for profit developers, apply for funds from the state and federal governments to construct housing for low-income households.*

11.A *All new housing projects of 100 or more housing units on land that has received an increase in allowable density through either a public or privately initiated general plan amendment, community plan amendment, rezoning or specific plan shall be required to provide at least 10 percent of the units to be affordable to low-income households. The low-income units shall be available concurrently with market-rate units. All such units shall remain affordable for at least 20 years.*

12.A *In cases where the developers actually construct the low-income units, the project shall be eligible for a 10 percent density bonus. The Land Use Element and Zoning Ordinance will be amended to avoid potential conflicts with minimum lot size standards in cases where the density bonus option is exercised.*

In cases where the County determines that it is impractical for the developer to actually construct the units on site, the County may as an alternative allow the dedication of land sufficient to accommodate at least 10 percent of the units for low-income households and/or the payment of an in-lieu fee. In cases where land dedication is deemed suitable, such land shall be offered in fee to the County or to another non-profit agency approved by the County. The amount of in-lieu fee shall be determined on a case-by-case basis. The County may require the developer to fund an analysis showing how contributions of in-lieu fees could be best utilized to create the desired number of low-cost units.

All new housing projects of less than 100 units of land that have received an increase in allowable density through a general plan amendment, community plan amendment, rezoning or specific plan shall be required to pay an in-lieu fee of 1 percent of the total estimated land and construction cost of the project, for use in producing affordable housing. Alternatively, the County may waive the fee in cases where lower-income units are included in the project and the Board of Supervisors finds that the number of lower-income units is commensurate with the numbers that could be built or leveraged through the fee.

13.A *Inclusionary housing programs shall be incorporated in all new or updated community plans.*

14.A Housing for low-income households that is required in a new residential project shall not be concentrated into a single building or portion of the site, but shall be dispersed throughout the project, to the extent practical, given the size of the project and other site constraints.

15.A Low-income housing produced through government subsidies and/or through incentives or regulatory programs shall be dispersed throughout the County and not concentrated in a particular area or community.

16.A The County shall require low-income housing units in density bonus projects to be available at the same time as the market-rate units in the project.

17.A The County shall encourage the Tahoe Regional Planning Agency (TRPA) to strengthen the effectiveness of existing incentive programs for the production of affordable housing in the Lake Tahoe region. Such efforts may include:

- Relaxing TRPA development codes for affordable housing projects and second residential units.*
- Allowing affordable housing projects an exemption from the requirement to secure development rights.*
- Increasing the density bonus for affordable housing projects to make them more financially feasible.*

18.A The County shall require new resorts in the Sierra Nevada and Lake Tahoe areas to provide for employee housing equal to 50 percent of the housing demand generated by the project. Employee housing shall be provided for in one of the following ways (in order of preference):

- Construction of employee housing onsite.*
- Construction of employee housing offsite.*
- Dedication of land for needed units.*
- Payment of an in-lieu fee.*

19.A Owners of vacation houses in the Lake Tahoe area shall be encouraged to rent to resort workers, especially in the North Tahoe area.

20.A The County will encourage the development of multi-family dwellings in locations where adequate facilities are available and where such development would be consistent with neighborhood character.

21.A The County will allow dwellings to be rehabilitated that do not meet current lot size, setback, and yard requirements, and other current zoning standards, so long as the non-conformity is not increased and there is no threat to public health or safety.

22.A *If redevelopment districts are adopted, the agencies shall utilize at least 20 percent of all tax increment proceeds for low-income housing, in accordance with state law. Furthermore, a portion of all units built in the redevelopment area shall be affordable to very low, low-and moderate-income households, as required by law.*

23.A *For residential projects where 10 percent of the units are affordable to very low-income households, or 20 percent are affordable to low-income households, 50 percent of the development-related fees over which the County has direct control shall be waived. The Board of Supervisors may waive more fees as an additional incentive for affordable housing on a case-by-case basis.*

Goal B: *To Promote quality residential development in the County.*

Policies:

1B. *The County encourages residential development of high architectural and physical quality, compatible with neighboring uses.*

Goal C: *To conserve the County's stock of affordable housing.*

Policies:

1.C *The County shall continue to make rehabilitation loans to low-income households from its CDBG revolving loan funds.*

2.C *The County shall continue to apply for CDBG's for the purpose of rehabilitating low cost, owner occupied and rental housing.*

3.C *Private financing of rehabilitation shall be encouraged.*

4.C *The conversion of mobilehome parks to other types of housing and land uses shall be discouraged.*

5.C *The County shall require the abatement of unsafe structures, while giving property owners ample time to correct deficiencies. Residents displaced by such abatement should be provided relocation assistance.*

6.C *The demolition of existing multi-family units should be allowed only when: a structure is found to be substandard and unsuitable for rehabilitation; and tenants are given reasonable notice, an opportunity to purchase the property, and relocation assistance.*

7.C *The County will support efforts to convert mobilehome parks where residents lease their spaces to parks in which residents own their spaces.*

8.C *The County shall provide Section 8 assistance to eligible households.*

Goal D: *Preservation of At-Risk Units*

Policies:

1.D *The County shall strive to preserve all at-risk units in the unincorporated County.*

2.D *At least two years notice shall be required prior to the conversion of low-income households to market rate in any of the following circumstances:*

- *The units were constructed with the aid of government funding.*
- *The units were required by an inclusionary zoning ordinance.*
- *The project was granted a density bonus.*
The project received other incentives.

Such will be given at least to the following:

- *The County*
- *HCD*
- *Any public housing authority and non-profit housing corporations that may exist in Placer County at the time*
- *Residents of at-risk units.*

Goal E: *To meet the housing needs of special groups of County residents, including a growing senior population, large families, and the disabled.*

Policies:

1.E *The development of housing for seniors, including congregate care facilities, shall be encouraged.*

2.E *County policies, programs, and ordinances shall provide opportunities for handicapped persons to reside in all neighborhoods.*

3.E *The County will work with the Tahoe Regional Planning Agency (TRPA) to encourage the construction of larger units for families in the Kings Beach area.*

Goal F: *To eliminate homelessness in the County through a variety of programs, including increased affordable housing opportunities and the provision of emergency shelter for all persons in need.*

Policies:

1.F The County shall continue to contribute to emergency shelter programs that provide adequate shelter in centralized locations accessible to the majority of homeless persons in the County;

2.F The County will assist various non-profit organizations involved with emergency shelter and aid to homeless persons.

Goal G: To increase the efficiency of energy use in new and existing homes, with a concurrent reduction in housing costs to Placer County residents.

Policies:

1.G All new dwelling units shall be required to meet current state requirements for energy efficiency. The retrofitting of existing units shall be encouraged.

2.G New land use patterns should encourage energy efficiency, to the extent feasible.

Goal H: To assure equal access to sound, affordable housing for all persons regardless of race, creed, age or sex.

Policies:

1.H The County declares that all persons regardless of race, creed, age, or sex shall have equal access to affordable housing.

2.H The County will promote the enforcement of the policies of the State Fair Employment and Housing Commission.

COMMUNITY PLANS: AFFORDABLE HOUSING GOALS AND POLICIES

Although there are 18 community plans in Placer County, not all contain specific affordable housing policies. The following is a listing of policies found within community plans, which pertain to affordable housing policies.

Auburn/Bowman

1. Provide for inclusionary zoning (Note: The specific language for this policy exactly replicates General Plan Housing Element policies number 11 & 12).

2. Encourage mobilehome park preservation through implementation of California Government Code Section 65863.7, 65863.8, and 66427.4 requiring an applicant proposing to close or convert a mobilehome park to another use to be responsible for relocation of displaced persons.

3. *Establish a Housing Trust Fund.*
4. *Provide for small homes on small lots within mixed-use areas.*
5. *Provide for accessory apartments in mixed-use areas.*
6. *Revise (reduce) infrastructure standards for affordable housing projects.*
7. *Streamline processing time.*
8. *Develop public land for affordable housing and/or establish a land-banking program.*
9. *Waive or reduce development fees on a case-by-case basis.*
10. *Establish a density bonus for rental housing.*
11. *Encourage private lenders to utilize the Community Reinvestment Act.*

Dry Creek West Placer

Contains short discussion of housing programs that were available in 1990 when the Dry Creek West Placer Community Plan was adopted.

Granite Bay

Contains short discussion of housing programs that were available in 1989 when the Granite Bay Community Plan was adopted.

Horseshoe Bar/Penryn

Contains no new affordable housing policies. Rather, the Horseshoe Bar/Penryn Community Plan assumes that the community plan area will provide only a minimal amount of affordable housing for the County due the lack of both available land and infrastructure necessary for higher-density residential uses.

North Tahoe Community Plans

The North Tahoe Community Plans encompass Carnelian Bay, Kings Beach, Tahoe Vista, Kings Beach Industrial and North Stateline. These individual community plans do not specifically address affordable housing issues. However, the North Tahoe Area

General Plan, which covers the geographical boundaries of the North Tahoe Community Plans, contains the following affordable housing goals and policies:

1. *Provide opportunities for affordable senior housing in appropriate areas where public transportation is easily available, where neighborhood retail facilities exist, and where such a project will be compatible with surrounding land uses.*
2. *Provide opportunities for employee housing in appropriate areas, through use of the “affordable” housing pool, conversion of existing tourist accommodation multiple unit structures or trailer parks, as a requirement of project approval for large scale projects, and other appropriate means.*
3. *Require larger scale commercial, recreational, and tourist accommodation projects to contribute their fair share toward providing employee housing.*

Squaw Valley

1. *Provide a mix of housing types for all segments of the population, which will contribute to the development of a dynamic year-round community. Housing must be provided to accommodate a permanent population, a transient destination, resort-oriented population, and both full-time and seasonal employees.*

REDEVELOPMENT PROJECT AREAS

Placer County currently has three redevelopment project areas:

- North Tahoe Redevelopment Project
- North Auburn Redevelopment Project
- Sunset Industrial Redevelopment Project

Each of the redevelopment areas is projected to generate millions of dollars in tax increment funds over the life of the projects. According to preliminary budget projections for each project, in excess of \$94 million (current dollars) can be expected to be generated within the three projects over the next 30 years. Of this, more than \$26 million is projected to be available for low-and moderate-income housing.

California Redevelopment Law contains specific mandates with regard to both funding affordable housing and the production of low-and moderate-income housing:

- *Any low-or moderate-income housing which is destroyed or removed as part of a redevelopment project must be replaced on a unit-per-unit basis through construction, development or rehabilitation by the redevelopment agency.*

- *Not less than 20 percent of all redevelopment agency tax increment proceeds must be allocated to a Housing Set-Aside Fund to be used to increase the County's supply of very low, low, and moderate-income housing.*
- *Thirty percent of all housing developed or substantially rehabilitated directly by a redevelopment agency must be affordable to very low, low, and moderate-income households. Of those units, 50 percent must be affordable to very low-income households. Stated otherwise, 15 percent of all units directly developed or substantially rehabilitated by a redevelopment agency must be affordable to very low-income households, while another 15 percent must be affordable to low-and moderate-income households.*
- *Fifteen percent of all housing produced within a redevelopment project area by public or private entities other than a redevelopment agency must be affordable to very low, low-and moderate-income households. Of those units, 40 percent (or six percent of the total) must be affordable to very low-income households.*

The Placer County Redevelopment Agency does not plan to produce housing directly. It is therefore likely that the Agency's future affordable housing obligations will result from the latter requirement listed above and will be based upon projected housing production within each project area.

North Tahoe Redevelopment Project

Within the North Tahoe Redevelopment Project Area the following low-and moderate-income policies are outlined in the Report on the Redevelopment Plan for North Lake Tahoe:

1. *Provide opportunities for affordable employee housing in appropriate areas.*
2. *Give prime consideration to providing affordable senior housing.*
3. *Develop a program to allow for the rehabilitation of residential units owned and occupied by low-income residents.*
4. *Implement a first-time homebuyers program.*
5. *Provide incentives for development of affordable housing in the Project Area.*

Given the statutory affordable housing requirements, the Redevelopment Agency will be obligated to see to that at least 6 percent of all housing produced within the project area will be in the very low-income category and, in addition, at least 9percent of all units will be in the low-to moderate-income category. Based on build-out estimates, an average of 72 units per year could be constructed within the Project Area. Accordingly, four to five

very low, and six to seven low-to moderate units would be required annually. However, in view of planning and development constraints, the actual number of units is expected to be lower.

North Auburn Redevelopment Project

Within the North Auburn Redevelopment Project Area, the following low-and moderate-income policies are outlined in the Existing Conditions Report for the North Auburn Redevelopment Area.

1. *Encourage new development in the Auburn area to contribute to the creation of a mixed-use, compact, readily identifiable, foothill town.*
2. *Locate urban and suburban development in areas where urban services, commercial facilities, and transportation facilities are readily available.*
3. *Encourage the construction of new housing to meet future needs anticipated in current population projections for all economic segments of the population.*
4. *Provide for residential development which creates functional, attractive, cohesive neighborhoods which are closely tied to adjoining neighborhoods.*
5. *Provide for a mix of neighborhood, regional, and highway commercial facilities to serve the residents of the Auburn/Bowman region as well as those visiting the area.*
6. *Preserve the natural landforms; preserve outstanding areas of native vegetation including, but not limited to, oak woodlands and riparian areas; and protect the natural resources of the area as much as possible.*
7. *Identify those areas where greenbelts or linear open spaces should be preserved in order to enhance the developed areas as well as to maintain clear boundaries for the “Auburn/Bowman” community.*

As is the case with the North Tahoe Project, the statutory affordable housing requirements will obligate the Redevelopment Agency to ensure that at least six percent of all housing produced within the project area (approximately 10 units) will be in the very low-income category and, in addition, at least nine percent of all units (approximately 15 units) will be in the low-to moderate-income category in the North Auburn Project Area. An estimated 160 housing units are projected to be built in North Auburn before reaching build-out, of which 25 units must be low-and low-to moderate-income units.

Sunset Industrial Redevelopment Project

There are no residential uses proposed for the Sunset Industrial Redevelopment Project Area. However, the Housing Set-Aside Fund will generate nearly \$9 million (current dollars) over the life of the redevelopment project. These funds will be utilized to produce low to moderate-income housing within Placer County near the Project Area, predominantly within the communities of Lincoln, Rocklin, Roseville and Sheridan.

SUMMARY

Land Use Element policies can be generally viewed within the context of three, somewhat generic categories designed to foster the production of affordable housing: *regulatory actions*, *public resource expenditures*, and *organizational policies*.

- I. Regulatory Actions
 - a. provide sufficiently zoned land
 - b. increase density for affordable housing
 - c. spatially disperse low-income housing
 - d. mandate affordable housing in larger projects
 - e. require in-lieu fees of builders
 - f. provide inclusionary zoning
 - g. waive non-conforming standards for housing rehabilitation
 - h. abatement of unsafe structures
 - i. notification requirements prior to conversion of at-risk units
 - j. handicapped access
 - k. energy standards
 - l. equal opportunity
- II. Public Resource Expenditures
 - a. provide adequate public services to residential districts
 - b. subsidize infrastructure costs or provide lower infrastructure requirements for affordable housing projects
 - c. provide the opportunity for transfer of publicly owned lands for affordable housing
 - d. utilize intergovernmental grants
 - e. subsidize processing costs through fee waivers
 - f. use of CDBG program income for housing rehabilitation
 - g. use of Section 8 rent subsidies
 - h. contribute to emergency shelter programs
- III. Organizational Policies
 - a. create a public housing authority
 - b. support creation of non-profit housing agency
 - c. provide administrative assistance to affordable housing developers

- d. employ fast tracking for affordable housing development applications
- e. cooperate with TRPA and other agencies to promote housing

From this context, a substantive policy pattern to provide organizational support, to exercise regulatory power, and to expend specified public resources in support of affordable housing goals is clear.

A variety of more specific policies and programs are called for in certain community plans. For example, accessory apartments in mixed-use areas, where residential uses are incorporated into commercial areas, are encouraged in the Auburn-Bowman Community Plan, and employee housing in connection with larger-scale commercial projects are emphasized in the North Tahoe area.

Similarly, redevelopment plans address specific policies along with legal requirements directly associated with redevelopment. They call for the provision of affordable employee and senior housing, and residential rehabilitation for North Tahoe, for example. Mixed-use development is proposed for North Auburn, and the development of housing is not proposed for the Sunset Industrial Area.

III. Affordable Housing Programs

The County's housing programs are currently administered by the Redevelopment Agency, the County Department of Health and Human Services, and the Planning Department. The Planning Department performs a supportive role in affordable housing. It prepares and maintains the Housing Element and is involved in the implementation of administrative activities, such as fast-tracking affordable housing projects and the administration of the County's inclusionary zoning, housing in-lieu fees and density bonus programs.

The density bonus program has produced a variety of affordable housing units through conditions of approval on subdivisions and conditional use permits, including the following:

- Terracina Oaks (CUP-1467) – A 56-unit project with a six-unit density bonus which required six units of very low-or twelve units of low-income units. As a result of a loan agreement with the state, 20 units of very low-and low-income units were produced. Project approved April 1991.
- Colonial Village (CUP-1723) – A 56-unit project with a six-unit density bonus. The project obtained HOME funding through the state and produced 11 units of very low-income and 45 units of low-income housing. Project approved January 1994.
- Oaks of Auburn (CUP-1510) – A 110-unit project with an 11 unit density bonus for affordable housing (either 11 units of very low or 22 units of low-income). Project approved August 1991.
- Blue Oaks Assisted Living (CUP-2075) – An 89-unit project with 23 low-income units. Project approved November 1996.
- Brooke Crest (SUB-323/CUP-1822) – A 58-unit subdivision with 12 low-income homes and 17 moderate-income units. Project approved October 1994.
- Hidden Glen (SUB-313/CUP-1785) – A 59-unit subdivision which was granted a fee waiver provided that 20 units would be sold to low-income households at a price not to exceed \$138,801 per home. Project approved November 1994.

All of the above listed projects are located outside of redevelopment areas.

The Health and Human Services Department, which functions as the Placer County Housing Authority, implements mortgage credit certificates programs, and coordinates volunteer group activities involved in maintenance and home fix-up programs.

The Mortgage Credit (MCC) Certificates Program is designed to assist first time homebuyers. The MCC's are allocated on an annual basis to each county in the state on a population based formula. The program is administered by the County in conjunction with mortgage institutions. The applicant for an MCC applies to the County, which screens the applicants.

The MCC provides the individual homebuyer with an income tax credit against the annual interest paid on the applicant's mortgage. The value of the tax credit is taken into consideration by the mortgage lender in underwriting the loan, and it may be used to adjust the borrower's federal income tax withholding, effectively reducing the monthly mortgage.

The Health and Human Services Department also administers the Section 8 Rent Subsidy Program for Placer County, handling approximately 235 Section 8 Vouchers and Certificates that are currently allocated to the County. The County maintains a lengthy waiting list for the vouchers and certificates, which are available on "first-come-first-serve" basis to eligible low-income families.

Health and Human Services also tracks subsidized rental housing and income-restricted housing in the County. There are currently 1,219 Section 8 subsidized apartment units in Placer County, of which 580 units are restricted to seniors or seniors and disabled persons. In addition to the subsidized units, there are 656 apartment units in Placer County which are restricted to low to moderate-income individuals or families.

The subsidized units have been constructed under the federal Section 8 Program and may be rented only to low-income households. However, these rent restrictions remain in place for a period of only 20 years, after which they may be converted to market-rate units with the potential for displacement of low-income tenants. Units approaching the termination of their rent limitation restrictions are termed "at-risk" units.

The distribution of Section 8 subsidized rental units in Placer County is as follows:
(*Note: These units are all located within incorporated cities.*)

Auburn	258 units
Colfax	66 units
Foresthill	34 units
Rocklin	278 units
Roseville	277 units
Lincoln	237 units

Units approaching or recently past expiration include the following:

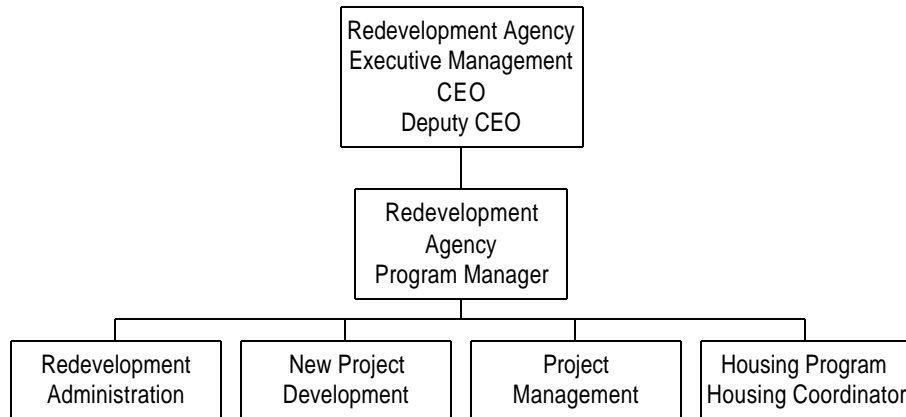
Auburn		
Ravine Terrace	50 senior units	December 20, 1999

Auburn Palms	50 senior units	May 31, 1998
Auburn Villa	50 senior units	August 31, 1997
Lincoln:		
Golden Village	49 units	March 31, 2001
Colfax		
Canyon View Apartments		
	67 senior & disabled units	May 7, 1998
Rocklin		
College Manor Apts	31 units	May 31, 1998
Lynroc Apts	67 senior units	September 30, 1998
Roseville		
Santa Clara Terrace	72 units	September 30, 1998

In response to the growing number of “at-risk” subsidized housing units nationally, the federal government has begun allocating new Section 8 preservation vouchers for tenants that have been dislocated by the conversion of subsidized units. As of July 1998, 26 such vouchers had been issued in Placer County, with more conversions from subsidized to market-rate units on the horizon.

In the past, the County has also operated a Community Development Block Grant (CDBG) funded, low-income residential rehabilitation program in Kings Beach. This program will be accelerated beginning in 1999, since the County has been awarded fresh CDBG funding from the California Department of Housing and Community Development for additional residential rehabilitation in Kings Beach. Under the 1998 CDBG Program, the Redevelopment Agency proposed to substantially rehabilitate (25% of the after rehabilitation value) approximately 8 dwelling units at an average cost of \$25,000-\$35,000. However, the actual number of units and the average loan amount will be determined during program implementation.

While several of the programs described above have, in the past, been housed in other departments, they are now shifting to the Redevelopment Agency to function in tandem with its other housing program activities. Because of the funding opportunities and requirements resulting from redevelopment, it is clear that the Redevelopment Agency’s future role in affordable housing will become an even more pivotal one. The organization of the housing program and its close relationship to the Redevelopment Agency are illustrated in the partial organization chart on the next page.



Conclusion

The County is involved in a variety of affordable housing endeavors. Given its commitment to affordable housing policies, its growing need for affordable housing, and the resources projected to become available as a result of redevelopment, it is readily apparent that the scope of County's affordable housing activities will broaden considerably in the coming decade. As the scope of the County's affordable housing program expands it will be prudent to consolidate many of the diverse program delivery functions under the umbrella of an agency/department with the capacity and resources to match not only programs with programs, but needs with appropriate affordable housing responses.

IV. Available Programs

There are a seemingly endless variety of approaches to the provision of affordable housing. Local government housing programs often employ combinations of resources along with state and federal programs in furtherance of their affordable housing goals. By utilizing different programs in tandem with others, resources are often leveraged to produce greater results. Because of the large number of available programs, each jurisdiction seems to approach its housing program tasks a little differently. Regardless of the final product, identification of affordable programs and resources is the first step in crafting a local strategy.

The following is a list of affordable housing programs operated by federal and state governments, chartered organizations and private foundations. The information is formatted to show the type of assistance available, target clientele, funding source, most typical administrative mechanism, and logical geographic target area.

In reviewing programs, it should be remembered that many are typically implemented in tandem with others. For example, many first-time buyer programs operated by cities and counties throughout California utilize a variety of sources, such as HOME funds, mortgage credit certificates, and redevelopment set-asides to fund their individual programs. Moreover, the *methods* used to implement programs may also be tailored to meet different priorities *within* each jurisdiction.

As an example, if Placer County should decide to implement a Countywide, first-time homebuyer program, it may be desirable to provide more attractive financing or less stringent qualification requirements for first-time homebuyers within redevelopment areas. Local program variations are facilitated by using redevelopment set-aside funding because it may be used with greater flexibility to leverage other housing programs.

Many of the programs listed below are typically implemented without direct County involvement. Non-profits, for-profit developers, and participating private lending institutions, for example, are responsible for a great deal of affordable housing activity throughout California and the United States. Yet, in addition to direct program delivery, the County's affordable housing strategy also includes information sharing and referral. Accordingly, it is important to remain abreast and knowledgeable of the wide variety of housing programs and activities available.

The administrative entity identified for each of these programs is based largely on common practice. For many programs, a non-profit is identified as the appropriate administrative entity, despite the fact that, in most cases, local units of government are also technically eligible to carry them out. The distinction in practice is probably due to the inherent differences between non-profit (or, for that matter, for-profit) developers and local governments. Non-profit developers are generally less structured than local

governments, and have greater flexibility in carrying out the variety of activities and negotiations involved in the development of certain types of affordable housing, and in dealing with lenders, foundations, and certain public programs.

AFFORDABLE HOUSING PROGRAMS

Program: **Building Equity & Growth In Neighborhoods (BEGIN)**

Housing Type: Owner Occupied

Funding Source: HCD
1800 Third Street
Sacramento, CA 95814
Telephone: (916) 445-6000

Administration: Redevelopment Agency

Target Client: First-time homebuyers

Type of Assistance: Deferred or amortized second mortgage loans for down payment or closing cost assistance

Geographic Area: Countywide

**

Program: **Farmworker Housing Grant Program**

Housing Type: All

Funding Source: HCD

Administration: Non-profits

Target Clients: Agricultural employees

Type off Assistance: Grants restricted to very low-and low-income agricultural workers and their households

Geographic Area: Western Placer County

**

Program: **Community Development Block Grant (CDBG)**

Housing Type: All

Funding Source: HCD

Administrative: Redevelopment Agency

Target Clients: Low-to moderate-income households

Type of Assistance: Grants and loans for full range of community development programs

Geographic Area: Priority to areas with concentrations of low-income households, community facilities needs, deteriorating housing stock: King's Beach area of North Tahoe RDA

**

Program: **HOME Investment Partnership Program**

Housing Type: All

Funding Source: HCD

Administrative: Redevelopment Agency

Target Clients: Low-to-moderate-income households

Type of Assistance: Grants, mortgage loans, rent subsidies, interim financing

Geographic Area: Priority to CDBG and RDA target areas: Kings Beach Senior Housing Project. Use of RDA set-aside for matching funds.

**

Program: **Rural Predevelopment Loan Program**

Housing Type: All Rural

Funding Source: HCD

Administrative: Non-profits

Target Clients: Low-income rural

Type of Assistance: Loans at seven percent interest for up to three years for predevelopment costs and/or land acquisition

Geographic Area: All non-urbanized

**

Program: **California Self-Help Housing Program**

Housing Type: Self-help rehabilitation or new construction

Funding Source: HCD

Administrative: Non-profits

Target Clients: Low-income households

Type of Assistance: Technical assistance grants and loans, deferred payment, conditionally forgivable mortgage assistance loans

Geographic Area: Countywide – North Auburn

**

Program: **Supportive Housing Program
Shelter Plus Care (S+C)
Section 8 Moderate Rehab for Single Room Occupancy (SRO)**

Type of Housing: Supportive Housing for Homeless

Funding Source: HUD
Sacramento Area Office
777 12th Street, Ste.200
Sacramento, CA 95814
(916) 498-5220

Administrative: Non-profits, including mental health associations

Target Clients: Homeless

Type of Assistance: Grants to sponsoring organizations / annual competitive funding.

Three homeless housing assistance programs are included in the HUD annual Continuum of Care Notice of Funds Availability (NOFA).

Geographic Area: Urbanized areas with homeless concentrations – Roseville Area

**

Program: **Section 8 Rental Certificate Program**
Section 8 Rental Voucher Program

Type of Housing: Rental

Funding Source: HUD

Administrative: Housing Authority

Target Clients: Low-income households

Type of Assistance: Monthly rental assistance

Geographic Area: Countywide

**

Program: **Section 811 Supportive Housing for Persons with Disabilities**

Housing Type: Group supportive housing facilities

Funding Source: HUD
(also see: <http://www.hudclips.org>)

Administrative: Non-profits

Target Clients: Persons with disabilities

Type of Assistance: Grants to finance construction or rehabilitation of supportive housing facilities. Rental assistance to cover operating costs not met through program income.

Geographic Area: Urbanized in close proximity to adequate service facilities:
Roseville/ Rocklin

**

Program: **Mortgage Credit Certificate (MCC's)**

Housing Type: Owner occupied, new construction or purchase

Funding Source: MCC's allocated by the State
California Debt Limit Allocation Committee
(916) 653-3255

Administration: County and private lenders

Target Clients: First-time homebuyers

Type of Assistance: Mortgage assistance

Geographic Area: Countywide with priority to high cost areas

**

Program: **Affordable Housing Partnership Program**

Type of Housing: Single-family

Funding Source: California Housing Finance Agency (CHFA)
1211 L Street
Sacramento, CA 95814
(916) 324-8088

Administrative: County & CHFA

Target Clients: Low-income single family homebuyers

Type of Assistance: Below-market interest rate loans to low-income homebuyers who also receive direct financial assistance (e.g. down payment or closing cost assistance) from the County.

Geographic Areas: North Tahoe and North Auburn RDA's

**

Program: **Single Family Homeownership Program**

Type of Housing: Single family homes

Funding Source: California Housing Finance Agency
1121 I Street, 7th Floor

Sacramento, CA 95814
(916) 324-8088

Administrative: CHFA & private lenders
Target Clients: First-time moderate-income buyers
Type of Assistance: Three- percent down payment with below-market interest rates
Geographic Area: Countywide

**

Program: **California TCAC Low-income Housing Tax Credit**

Housing Type: Rental Housing Construction
Funding Source: California State Treasurer
California Tax Credit Allocation Committee

Administrative: Private developers
Target Client: Low-income rental households
Type of Assistance: Tax credits to lower financing costs
Geographic Area: Countywide urban

**

Program: **Direct Single Family Housing Loans (Section 502)**

Type of Housing: Rural housing
Funding Source: USDA Rural Housing Service
251 Auburn Ravine Rd., Ste. 103
Auburn, CA 95603-4294
(530) 885-7081
Administrative: Non-profit and for-profit developers
Target Client: Low-income rural

Type of Assistance: Low interest mortgage financing to buy, build, refinance, and repair homes

Geographic Area: Countywide rural

**

Program: **Home Repair Loans (Section 504)**

Housing Type: Rural Single Family

Funding Source: USDA Rural Housing Service

Administrative: Private or non-profit

Target Clients: Very low-income, rural, single family homeowners

Type of Assistance: Twenty year home repair loans of up to \$20,000 at 1-% interest

Geographic Area: Countywide rural

**

Program: **Guaranteed Rural Housing Loans (Section 502)**

Housing Type: Owner occupied, including new manufactured homes

Funding Source: USDA Rural Housing Service

Administrative: Private

Target Clients: Low-to-moderate-income (up to 115% median) households

Type of Assistance: Loan guarantees which provide up to 100% loan-to-value financing for purchase and repair of existing or newly constructed dwelling or manufactured home

Geographic Area: Countywide rural

**

Program: **Rural Housing Grants (Section 504)**

Type of Housing: Rural owner occupied

Funding Source: USDA Rural Housing Service

Administrative: Non-profit

Target Clients: Rural homeowners over 62 years of age

Type of Assistance: Grants of up to \$7,500 to repair health & safety hazards or to repair or remodel dwellings to render them more accessible to persons with disabilities

Geographic Area: Countywide rural

**

Program: **Self-Help Technical Assistance Grants (Section 523)**

Housing Type: Rural Owner Occupant

Funding Source: USDA Rural Housing Service

Administrative: Non-profits

Target Clients: Groups of from 6 to 10 low-income, rural households

Type of Assistance: Financial assistance to qualified non-profit organizations provide technical assistance and materials and skilled labor to builders of self-help housing. Funds pay for rent, salaries and office expenses of non-profit organizations.

Geographic Area: Countywide rural

**

Program: **Rural Housing Site Loans**

Type of Housing: Rural Self-Help

Funding Source: USDA Rural Development Service
251 Auburn Ravine Road, Ste. 103
Auburn, CA 95603-4294
(530) 885-7081

Administrative: Non-profit / County

Target Clients: Groups of low-income self-help households

Type of Assistance: Low interest loans to buy and develop sites for self-help housing developed with Section 523 funds

Geographic Area: Countywide rural

**

Program: **Affordable Housing Program**

Housing Type: Owner occupied

Funding Source: Federal Home Loan Bank
307 East Chapman Ave.
Orange, CA 92666
(714) 633-1271

Administrative: Non-profits, Housing Development Corporations

Target Clients: Very low, low-and moderate-income households

Type of Assistance: AHP funds used to subsidize interest rates for construction loans

Geographic Area: Countywide

**

Program: **Fannie Mae Community Homebuyers Program**

Type of Housing: First-time home purchase

Funding Source: Federal National Mortgage Association
135 North Los Robles Ave., Suite 300
Los Angeles, CA 91101-1707
(818) 568-5338

Administrative: Participating lenders

Target Clients: Higher income (those who do not normally qualify due to higher income) borrowers who do not own any real estate

Type of Assistance: Low down payment (3% or less) construction and purchase financing

Geographic Area: Countywide

**

Program: **Farmworker Housing Assistance Program**

Type of Housing: Farmworker

Funding Source: US Department of Labor
Employment & Training Administration
200 Constitution Ave., Room S-4203
Washington D.C. 20210
(202) 219-8702

Administrative: Non-profits

Target Clientele: Low-income farmworkers

Type of Assistance: Grants, counseling and technical assistance

Geographic Area: Western County farm areas

**

Program: **FDIC Affordable Housing Program**

Type of Housing: Single and multi-family

Funding Source: Federal Deposit Insurance Corporation
P.O. Box 7549
Newport Beach, CA 92658-7549
(714) 263-7730

Administrative: Redevelopment Agency

Target Clientele: Very low, low-and moderate-income families

Type of Assistance: Grants to write down costs of down payment financing and closing
for properties acquired by FDIC

Geographic Area: Countywide

**

Program: **Habitat for Humanity**

Type of Housing: Primarily single family
Funding Source: Private donations & sweat equity
Administrative: None
Target Clientele: Very low-income families willing to participate in sweat equity
Type of Assistance: Monetary and material grants, loans, technical assistance
Geographic Area: Countywide

**

Program: **Rural California Gold Lease Purchase Program**
Type of Housing: Single family
Funding Source: California Rural Home Mortgage Finance Authority
1020 Twelfth Street, Ste.200A
Sacramento, CA 95814
(916) 447-4806
Administrative: Redevelopment Agency
Target Clientele: Low-to-moderate-income families
Type of Assistance: Down payment assistance, closing costs, loan subsidies
Geographic Area: Rural County

**

Program: **Rural Seed Money Loan Programs**
Type of Housing: New construction, rehab, rental, owner occupied, and self-help
Funding Source: Housing Assistance Council
1025 Vermont Ave. SW, Ste.606
Washington D.C. 20005
(202) 842-8600
Administrative: Non-profits

Target Clientele: Very low and low-income households

Type of Assistance: Predevelopment/interim financing, loan guarantees, construction financing

Geographic Area: Countywide

**

Program: **World/BRIDGE Initiative**

Type of Housing: Mixed income rental housing & affordable ownership

Funding Source: Bridge Housing Corporation
1 Hawthorne Street, 4th Floor
San Francisco, CA 94105
(415) 989-1111

Administrative: Non-profits

Target Clientele: Low-and moderate-income

Geographic Area: Countywide

**

Program: **McAuley Institute**

Type of housing: New construction, rehab, rental, owner occupied, self help, homeless shelters, SRO, acquisition

Funding Source: McAuley Institute
8300 Coleville Road, Ste. 310
Silver Spring, MD 20910
(301) 588-8110

Administrative: Non-profits

Target Clientele: Low to moderate-income

Type of Assistance: Technical assistance and construction financing

Geographic Area: Countywide

**

Program: **Mercy Loan Fund**

Type of Housing: All varieties of low-income housing

Funding Source: Mercy Loan Fund
1601 Milwaukee Street, 5th Floor
Denver, CO 90206
(303) 393-3806

Administrative: Non-profits

Target Clientele: All low-income

Geographic Area: All urban communities in close proximity to public services

**

Program: **Rural Community Assistance Corporation
Predevelopment Grant Program**

Type of Housing: New construction, rehab, SRO, rental housing,
mobilehome park purchase assistance, shared housing

Funding Source: Rural Community Assistance Corporation
2125 19th Street, Ste. 203
Sacramento, CA 95818
(916) 447-9832

Administrative: Non-profits

Type of Assistance: Grants for predevelopment expenses that are repaid by the
project's mortgage financing

Geographic Area: Urban areas with proximity to public services

**

V. A Program for Placer County

Based upon our review of the programs best suited to the County for implementation, the County's affordable housing strategy ought to focus upon (1) the preservation of existing housing stock through rehabilitation of substandard housing, (2) the delivery of first-time home ownership programs which target low-and moderate-income families, and (3) assisting in the production of new rental housing for target populations within targeted communities. The programs well suited for implementation by the County include, but are not limited, to:

1. CDBG
2. HOME
3. BEGIN
4. Mortgage Credit Certificates
5. Affordable Housing Partnership Program/CHFA
6. Section 8 Rent Certificate & Voucher Programs
7. Rural Gold Lease Purchase
8. F.D.I.C.

These programs are designed to be implemented primarily by local governments. Because county governments, like cities, provide a comprehensive range of essential public services, they are largely responsible not only for the manner in which housing within their jurisdictions is initially developed, but for the manner in which the housing stock is maintained with age. Because the programs identified above are also associated both with the process of new housing development and the maintenance of housing as it ages, they complement mainstream County governmental activities.

In addition, the County is now developing the capacity and financial resources, through the Redevelopment Agency (RDA), which are necessary to implement comprehensive housing programs over an extended period of time. RDA set aside funds will provide the County with a reliable source of annual funding to build staff capacity and with program funds to match or leverage these external funding sources over time.

PRESERVATION OF EXISTING HOUSING

Viewed from the context of the goal of promoting affordable housing, the County's ability to address deteriorating housing stock through targeted housing rehabilitation programs, such as the one in Kings Beach, is clearly significant. Moreover, infrastructure

and other improvements resulting from redevelopment activities, such as those proposed for North Tahoe, will complement the public investment in the rehabilitation of housing.

In the future, program income and selected RDA set aside funds should also be committed to a revolving loan fund to make low interest loans available to targeted income groups for housing rehabilitation in other parts of the County, with an emphasis on previously identified areas of need such as Sheridan, Auburn Bowman, Foresthill, Lake Forest, and Tahoe City.

FIRST-TIME HOMEBUYERS PROGRAM

Of equal importance is the County's capacity to open the doors to home ownership for low-and moderate-income families through implementation of first-time homebuyer assistance programs. First-time homebuyer assistance programs are currently administered by scores of local governments throughout the state, particularly jurisdictions which, like Placer County, generate housing set aside funds through redevelopment. First-time homebuyers programs typically lower the costs of home purchasing through low interest or deferred payment second mortgages.

The ability to match HOME or BEGIN type program funding with RDA set aside funds, or in-lieu fees, greatly improves a jurisdiction's chances of obtaining competitive grants to augment first-time homebuyers programs. Using RDA set aside funds, the County would have the ability to design a homebuyers assistance program with a good deal of flexibility. In addition to a County-wide program, extra incentives could be structured to help promote specific kinds of development within targeted areas. Mixed use developments within the North Auburn Redevelopment Area, for example, could be promoted by offering more generous mortgage financing on housing within mixed use developments.

ASSIST IN THE PRODUCTION OF AFFORDABLE RENTAL HOUSING

Another activity that should be given consideration is direct assistance to developers of rental housing for targeted groups in targeted locations. Senior citizen housing and employee housing in the North Tahoe area could be assisted through such activities as prudent land acquisition for subsequent below-market sale, or by predevelopment financing and mortgage assistance financing in return for the development of privately owned or non-profit owned, low-to-moderate-income housing.

This program could also be used to promote greater utilization of the County's density bonus program by targeting mortgage assistance toward density bonus projects.

COUNTYWIDE HOUSING PROGRAM

The County should concentrate direct program efforts on (1) targeted rehabilitation, (2) assistance in production of new, affordable, rental housing, and (3) first-time homebuyer assistance programs. Housing rehabilitation efforts should be expanded throughout the unincorporated areas of the County, with emphasis on the communities of Sheridan, Auburn-Bowman, Foresthill, Lake Forest, Tahoe City and Kings Beach, as identified in the 1995 Housing Conditions Survey Report prepared by Connerly & Associates, Inc.

REDEVELOPMENT AREAS

North Auburn

In the North Auburn Redevelopment Area a variety of factors affect program choice. The aforementioned Housing Survey found that the area has a fairly high incidence of low-income households, which is attributable to its large concentration of elderly and disabled persons. This reflects a need for elderly and disabled housing.

While the Auburn-Bowman Community Plan covers an area that is larger than the North Auburn Redevelopment Area, its identified affordable housing needs, development of low-cost senior/disabled rental housing, apply to the RDA as well.

- The top priority for Auburn should be the production of new affordable housing.
- The second priority recommended for North Auburn is the implementation of a first-time homebuyers program to promote both the development of new affordable housing and home ownership for low to moderate-income households.
- The third recommended priority for North Auburn is the rehabilitation of existing housing.
- As its fourth priority, the North Auburn housing program should focus on the creation of new, low-income, senior citizen and disabled rental housing, in partnership with private developers. Since a significant component of the existing substandard housing stock in the North Auburn area includes mobile homes located within older trailer parks, it would be advantageous to redevelop and replace them with senior apartments as they phase out.
- As an additional option, consideration should be given to development, in partnership with private and/or non-profit developers, of surplus County property, in the event that any such land should become available in the future.

North Tahoe Redevelopment Area

Affordable housing needs in the North Tahoe Redevelopment Area are dramatically affected by employment patterns in the Tahoe Basin. In the Tahoe Basin, 71% of the Placer County workforce also resides in Placer County. Yet, 53% of the Washoe County, Nevada workforce resides in Placer County. Much of this resident workforce is in tourist related service jobs with lower wages, in relation to the rest of the region. Consequently, there is a compelling need for affordable employee housing in the Placer County portion of the Basin.

The North Tahoe Redevelopment Plan states that “prime consideration” should be given to the provision of affordable senior housing, rehabilitation of owner occupied residences, and implementation of a first-time homebuyers program.

Residential development constraints are significant in the Tahoe Basin. The Tahoe Regional Planning Agency (TRPA) Code of Ordinances establishes maximum annual housing unit allocations, and it also establishes density limitations on multi-family development and renders development of affordable multi-family housing problematic. While there are provisions for waiving the necessity of obtaining allocations for affordable housing units, the waivers are largely viewed as providing only temporary relief. Most developers of low-income housing projects wish to eventually convert their projects to market rate units, and eventually need allocations to convert to market rate.

An affordable housing program for North Tahoe will necessarily differ from that which has been proposed for North Auburn. The region’s needs and the development constraints, both environmental and regulatory, all create significant impediments to the production of housing.

- The first priority for implementing an affordable housing strategy for North Tahoe naturally involves the preservation of existing housing. In this regard, the County is already moving to reenergize its home repair program in Kings Beach, with additional CDBG funding having been awarded for 1999. Housing rehabilitation avoids most regulatory constraints associated with new construction, while preserving existing housing for low-income households. It is, thus, an effective tool in providing safe, decent, and affordable housing.
- The second priority for promoting affordable housing while avoiding direct involvement in battles over regulatory constraints is to offer a first-time homebuyer program. The County should apply for HOME or BEGIN funding to leverage against RDA housing funds or housing in-lieu fees in the operation of the program. Should

the County opt to offer a Countywide first-time homebuyer program, such funds should be used to augment the level of assistance provided in other areas to fill the financing gap resulting from higher housing costs in the Tahoe Basin.

- As a third priority, the County should initiate the process of assisting in the development of new senior and employee rental housing. Sites should be located within the North Tahoe Redevelopment Area in close proximity to transportation and other services. The housing endeavors should be carried out in partnership with private and/or non-profit developers. Along with these efforts, it would be desirable, where possible, to redevelop existing, functionally obsolete, substandard undersized units into new affordable rental housing.

Sunset Industrial Redevelopment Area

The Sunset Industrial Redevelopment Area contains virtually no housing, and no housing is planned there during the life of the project. Nevertheless, it will still generate substantial housing set-aside funds. The Sunset Industrial Redevelopment Area Plan states that the funds should be used to provide affordable housing in other areas of the County.

- In order to complement redevelopment efforts, it is proposed that consideration be given to establishment of a fund which targets very low-income and welfare-to-work employees, by offering temporary rental assistance. New employers within the redevelopment area would benefit by offering an incentive to target group employees, and new low-income employees would be provided with housing assistance as they transition into the workforce. The program could be established as a deferred loan which is forgiven upon completion of a satisfactory probationary employment period.
- Implement a low-to-moderate-income first-time homebuyer assistance program which targets employees of new businesses which locate within the redevelopment area. In addition to assisting first-time homebuyers, this program would function as an additional incentive for industry to locate within the redevelopment area.
- It recommended that a program be established whereby the residential patterns of new employees drawn to the Sunset Industrial Redevelopment Area be monitored to determine whether new employment opportunities adversely impact existing low-and moderate-income housing. If this is found to occur, amelioration of such effects should be given priority.

The programs described here for use within the redevelopment areas only represent starting points. Over the next few years, and throughout the life of the redevelopment projects, additional priorities, many of which have already been identified, such as employee housing in North Tahoe, will be addressed. New and emerging needs will also be identified. The recommendations provided in this report are intended to provide initial direction in the formative stages of implementation.

VI. Housing Program Priorities

Housing priorities are based upon a formal set of ranked criteria. Some useful examples of criteria, which have been included in the research design for this report, include:

- The seriousness of health and safety problems to be resolved
- The extent of overpayment which can be addressed
- Compatibility of the program with County policies and regulations
- Resolving the imbalance between demand and availability of housing
- Promotion of sound environmental policies
- Funding availability
- Administrative capacity of the County to implement the program
- Timeliness or timeframe for the program
- Availability of other organizations to implement the program

Some of these criteria are interdependent. For example, the administrative capacity of the County is more variable than absolute. It may be expanded or contracted in response to the County's commitment to address more absolute criteria, such as health and safety concerns, or in response to the availability of funds. Likewise, the relative value of promoting sound environmental policies, at a given point in time, may be a function of the severity of overriding health and safety or economic conditions. Recognizing the interdependent characteristics of certain criteria allows us to make more realistic and useful assumptions about relative value.

It is worth noting that these criteria are oriented toward the measurement of problem-solving results, as opposed to the simple identification of problems. They have been framed in terms of the County's ability to achieve results. Inherent in this approach is an assumption that the County is but one player in the housing field, with limited capacity to address the totality of housing problems and needs within its jurisdiction. Rather than attempting to address every serious housing dilemma, the County seeks, through use of these criteria, to provide effective programs that are tailored to its capacity to deliver.

Before ranking these criteria, we establish the following fundamental hierarchy of housing program needs:

1. The elimination of threats to life and property.
2. The preservation of existing housing stock.
3. The implementation of programs which benefit targeted groups and individuals most in need of assistance.
4. The implementation of practical and effective programs.

Underscoring our evaluation is a commitment to the establishment of housing priorities which are practical and appropriate for each RDA and to the entire County.

Based upon our hierarchy, we rank the criteria in descending order as follows:

1. Funding availability
2. The seriousness of health and safety problems solved.
3. Resolving the imbalance between demand and availability of housing.
4. The extent to which overpayment can be addressed.
5. Timeliness or timeframe for the program.
6. Administrative capacity of the County or other organizations to implement the program.
7. Ability to satisfy RDA housing production requirements.
8. Compatibility of program with County policies and regulations.
9. Promotion of sound environmental policies.

The assessment resulted in the Countywide and Redevelopment Project area affordable Housing priorities as presented in the chart below.

Placer County
Affordable Housing Priorities

Location	1 st Priority	2 nd Priority	3 rd Priority
North Auburn RDA	Production of New Affordable Housing	First-time Homebuyer Assistance Program	Housing Rehabilitation
North Tahoe RDA	Housing Rehabilitation	First-time Homebuyer Assistance Program	New Low-Income Employee and Seniors Housing
Sunset Industrial RDA	Establish Fund for Rental Housing Development for New Employees	Rehabilitation of Existing Housing in Sheridan and Other Unincorporated Areas Near the Industrial Area	Establish Fund for New Employee Targeted First-Time Homebuyer Assistance Program
Countywide	Housing Rehabilitation	New Affordable Rental Housing	First-time Homebuyer Assistance Program

All of the housing strategy priorities, established thus far, are consistent with the ranked criteria. Not coincidentally, the first major housing program to be implemented within a County RDA will be the Kings Beach Housing Rehabilitation Program, which is set to be implemented in the approaching fiscal year.

In carrying out each housing program, the most applicable criteria should be used to guide the allocation of resources. For example, housing rehabilitation activities should attempt to target serious health and safety concerns first. In other programs, fundamental health and safety issues may be inapplicable. The priority for first-time homebuyer assistance, for example, should be programs which can address, in an effective manner, those communities where the most serious economic gaps between cost and affordability exist.

The criteria are intended to be employed as a general review tool. However, a systematic method of comparing housing program options through the application of the criteria, could be undertaken by assigning a subjective, numerical value from 1 to 10 to each program option for each criterion. Next, calculate the sum of the values for each option. Although this simple method assigns an equal weight to each criterion, it still produces somewhat useful numerical comparisons.

The proposed new rental housing programs for groups such as seniors and employees are clearly intended to address the imbalance between the demand and availability of housing and not surprisingly, the extent of overpayment. Perhaps the County's most striking example of this situation is the need for employee housing in North Lake Tahoe.

The programs recommended for each RDA, and the Countywide programs and priorities, are derived from, and are consistent with, the criteria set forth in this report.

POLICY GUIDELINES/IMPLEMENTATION

As part of its review and approval of the strategy, the Board of Supervisors adopted the following policy guidelines for the implementation of Placer County's Affordable Housing Strategy:

- No public ownership of housing – the mission is to provide assistance to private and non-profit affordable housing development interests
- Begin with small projects to build success, staff expertise and minimize financial risk
- In rehabilitation activities provide low-interest loans rather than grants to allow growth of the capital available for housing programs
- In construction activities highly leverage private sector and other public sector funding sources – use loans/grants to purchase long-term affordability covenants

- Redevelopment Housing set-aside funds will be used to match and maximize leverage of private sector, non-profit, federal and state funding sources
- As the County has given a significant amount of general fund capacity to the Redevelopment Agency as part of the state established funding formula, no additional County general funds will be used to subsidize the housing program

In terms of implementation, the County's first concern is to comply with regulatory housing requirements of Redevelopment Law. This will require continuous residential construction monitoring within the North Tahoe and North Auburn RDAs to determine the affordability and type of all new residential units. This is necessary in order to assure that adequate proportions of very low-income and low-to moderate-income units are produced.

In the approaching fiscal year, the primary program emphasis will be within the North Tahoe RDA. The CDBG and RDA funded Housing Rehabilitation Program will be implemented in Kings Beach beginning in 1999. In addition, North Tahoe will be the first of the three RDA's to produce tax increment funds sufficient to support housing programs on an annual basis.

Relatively little significant housing program activity will occur within the North Auburn RDA until FY 1999-00 or 2000-01, since tax increment funds will not accumulate in sufficient amounts until that time. The initial program emphasis for North Auburn will, therefore, be on organizational preparation and program planning.

The Sunset Industrial RDA will be the last of the three RDA's where specific programs are expected to be implemented, as the timing of Sunset Industrial RDA Housing Programs will be directly tied to the actual industrial development of the area.

The Countywide Program will consist of:

- Development of density bonus units by private developers.
- Continued implementation of the Density Bonus Ordinance by the Planning Department.
- Administration of the Section 8 Rent Subsidy Programs.
- Administration of Mortgage Credit Certificates when available.
- Volunteer Center home repair programs.
- Develop first time homebuyers, new construction, and rehabilitation programs.

Initial Housing Program Activities (Years 1-2)

- Kings Beach Housing Rehabilitation Program
Funding Source: CDBG, RDA

- Residential Construction Monitoring within the North Tahoe and North Auburn Redevelopment Areas
Funding Source: RDA
- Density Bonus Construction Affordability Maintenance Monitoring
Funding Source: Application Fees or General Fund
- Density Bonus Development Review Processing
Funding Source: Application Fees or General Fund
- Section 8 Rent Subsidy Program Administration
Funding Source: HUD
- Mortgage Credit Certificate Program
General Fund (for administration only)
- Organization and Program Planning for First-time Homebuyer, New Construction Assistance, and Rehabilitation Programs
Funding Source: RDA

Subsequent Years Program Activities (Years 3-5)

- Initiate North Auburn Seniors Rental Housing New Construction Project
Funding Source: RDA/HOME/Other sources (depending upon availability)
- First-time Homebuyer Assistance Programs
Funding Source: RDA/HOME/Other sources (depending upon availability)
- Initiate North Tahoe Employee Rental Housing Construction Project
Funding Source: RDA/Other sources (depending upon availability)
- Continue and Expand Housing Rehabilitation Program
Funding Source: RDA/CDBG/Other sources (depending upon availability)
- Initiate Sunset Industrial Rental and Purchase Assistance Programs
Funding Sources: RDA/Other sources (depending upon availability)

All of these programs will require significant staff resources, interdepartmental cooperation and management oversight. The administration of those that are currently underway is shared by different County departments.

VII. Organization and Staffing

County housing program responsibilities are currently shared by the Department of Health and Human Services (HHS), the Redevelopment Agency (RDA) and the Planning Department.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

The Placer County Department of Health and Human Services functions as the designated County Housing Authority, primarily for the purpose of administration of the Section 8 Rent Subsidy Program. HHS also administers Mortgage Credit Certificates, CDBG Program Income, and contracts with the Volunteer Center, Inc. for minor home repair activities.

The primary function of HHS is the administration of the County Welfare Program. Housing program functions are incidental to its other operations, and they have (presumably) been assigned to the department because it routinely interfaces with lower-income residents, many of whom are also a primary clientele group for rent subsidy assistance.

The staffing committed to housing programs consists primarily of a single, full-time Section 8 Program administrator supported by one FTE accounting staff person. In addition, the County's current CDBG and MCC's, and minor home repair contracts are handled by one .25 to .30 FTE of a Program Manager, supported by one FTE accountant. HHS personnel have a working knowledge of their programs, the needs of their clientele, and the countywide network of other public and private providers of similar services.

Placer County is an exception to the norm in that it does not operate a full-service public housing authority (PHA), with publicly owned and operated low-income housing. Instead, the County has traditionally limited its involvement in affordable housing to the programs previously described in this report.

PLACER COUNTY PLANNING DEPARTMENT

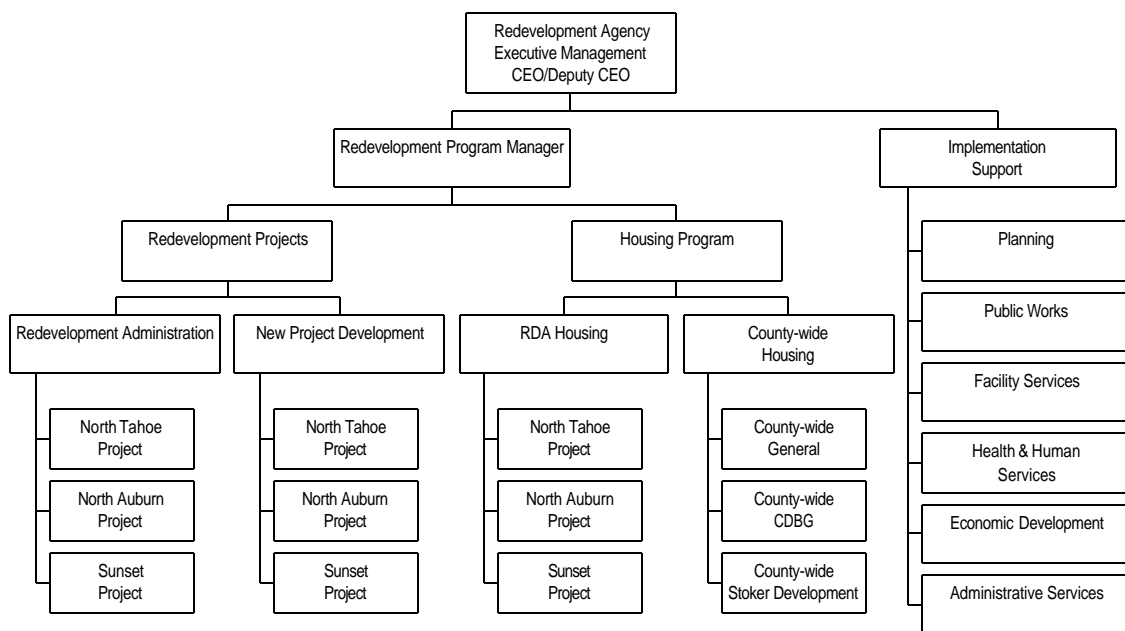
The Planning Department's role in affordable housing program delivery is limited to policy formulation and development, the maintenance and collection of demographic and housing data, and the administration of development review activities involving affordable housing production via density bonus provisions of the Subdivision Ordinance and the Zoning Code. The Planning Department is also responsible for follow-up monitoring to assure that affordable housing units are actually made available and maintained. Although the Planning Department's role is easily understated, in that it is not directly involved in most operational programs, its function is no less important and no less significant in producing affordable housing units.

PLACER COUNTY REDEVELOPMENT AGENCY

The Redevelopment Agency can expect to be the focal point for affordable housing programs for Placer County for the foreseeable future. The viability of all of the County's redevelopment programs will be dependent upon its capacity to also deliver affordable housing programs. As stated earlier in this report, the housing programs which will be initiated and implemented within the next five years will represent only a very small portion of the programs that will follow as a by-product of redevelopment. It is of significance, therefore, that the County has already begun to conceptualize an administrative framework for the future delivery of affordable housing programs.

The organizational chart shown below illustrates the County's initial organizational approach to housing and redevelopment activities.

Placer County
Redevelopment and Housing Organizational Chart



Under this organizational structure, the Health and Human Services Department, and the Planning Department are part of the implementation support network.

Redevelopment programs fundamentally differ from traditional County functions, which generally respond to outside conditions in a regulatory or protective manner. Redevelopment, on the other hand, functions more like a “public developer,” producing new public facilities and facilitating the development of private commercial, industrial, and residential properties.

Because of this basic functional difference, the Redevelopment Agency is very dependent upon other County departments for implementation support. Yet, this relationship also provides many opportunities for other departments, as in the case where highway improvement projects are undertaken by the Department of Public Works using redevelopment funds.

Housing programs, one or two of which are to be carried out through redevelopment, will require more than the implementation support currently available from other County departments. Within the next three years, it will be necessary for the County to establish a permanent, “in-house” capacity to manage its housing programs. During the interim period, the County should, on an “as needed” basis, employ outside consultants, under the guidance of permanent, “in-house” management staff, to establish various program guidelines, formulate program procedures, implement current programs, and initiate new projects and programs. When programs reach a higher level of consistency, with continuous annual funding, beginning around FY 1999-00 or 2000-2001, additional permanent support staff should be added as program growth warrants.

An example of housing program staffing needs can, perhaps, best -be illustrated by a review of actual staff needs and tasks that are associated with the operation of a typical housing rehabilitation program:

Minimum Personnel Requirements

Program Administrator
Grant Writer
Rehabilitation (building trades) Specialist
Loan Processor/Underwriter
Portfolio Manager / Administrative Assistant

Operating Tasks

1. Prepare and adopt program guidelines
2. Establish program filing system and recording procedures
3. Attend training sessions on reporting and program requirements
4. Prepare marketing flyers, advertisements

5. Distribute program information and flyers
6. Meet with neighborhood groups, attend community meetings
7. Prepare grant or loan application packets
8. Send out application packets upon request
9. Receive completed applications and/or assist applicants in completing forms
10. Refer applications to loan processor
11. Obtain title report
12. Obtain credit reports
13. Order property appraisal
14. Prepare loan committee review request
15. Refer to rehabilitation specialists
16. Send information to potential contractors for pre-screening
17. Verify contractor information
18. Schedule inspection with applicants
19. Meet with applicants and perform initial inspection of dwellings
20. Prepare inspection report
21. Review inspection report with applicants
22. Prepare work write-up
23. Complete compliance forms for historic preservation, hazardous materials or other federal overlays
24. Review bid package with applicants and provide guidance on obtaining bids
25. If required, assist applicants in obtaining bids
26. Conduct pre-bid “walk-throughs” with interested contractors
27. Review bids with applicants; perform follow-up work with contractors
28. Based on bids, revise work write-up where necessary
29. Meet with contractor and applicant to review bid, scope of work, contract and scheduling
30. Issue notice to proceed
31. Conduct progress inspections (two to five per project, depending on complexity)
32. Review and process progress payment requests
33. Mediate disputes
34. Process change orders
35. Conduct final inspection
36. Process completion and close-out paperwork
37. Process release of 10% hold back payment following lien release periods
38. Handle post-project complaints or problems
39. Preparation of reports and portfolio management
40. Track loan repayments
41. Follow-up on tenant eligibility
42. Monitor milestone progress, prepare reports
43. Prepare quarterly reports and annual reports
44. Prepare grant close-outs

The tasks listed above represent a sample of the those normally associated with each individual home rehabilitation project, which are carried out by various staff people.

Many of the same tasks, such as program marketing, loan processing, underwriting, the preparation of loan committee requests, are also associated with the implementation of other housing programs, such as first-time homebuyer assistance and new construction programs.

Other kinds of housing programs necessitate proficient communication skills and the development of cooperative relationships with non-profit or for-profit developers and federal and state agencies.

One practical and cost effective method of developing a stronger program foundation during this initial phase would be to consolidate all of the County's housing program staff resources. Density bonus unit monitoring responsibility should also be brought into the Redevelopment Agency's housing program. (Density bonus development review, and housing policy responsibilities, should remain under the purview of the Planning Department.)

There are compelling reasons for consolidation of housing functions in Placer County. Many affordable housing programs can be "piggy-backed" for greater productivity and more efficient use of resources. As an example, first time homebuyer assistance programs can be implemented using a combination of programs. They include federal HOME funds, CDBG funds, RDA set-aside funds, Mortgage Credit Certificates, CDBG program income, and other sources. Likewise, the County's residential rehabilitation loan program would be augmented when implemented in tandem with the current home repair grant program.

Tracking and monitoring the availability of affordable, decent, rental housing, related neighborhood conditions, and at-risk housing are functions common to housing program administrators and redevelopment staff. The personnel who implement these programs possess many common skills and perform many similar tasks. They interface with the same agencies and a shared network of programs, professionals and agency representatives.

From a functional perspective, three organizational options for the implementation of consolidated housing programs include:

- The Redevelopment Agency
- Health and Human Services
- Independent Housing Department

While it might be argued that publicly operated affordable housing programs fall into the general category of "social service programs", more appropriate to the Health and Human

Services Department, there are fundamental differences between affordable housing programs and social services.

Virtually all housing in the United States has become publicly supported. Public infrastructure, transit expenditures, and federally insured mortgages, for example, subsidize virtually every urban and suburban neighborhood. Yet, few public management practitioners would consider them to be “social service programs” at the local government level. Moreover, the implementation and administration of housing programs differs from the management and delivery of “soft” public subsidies which address human needs of a different nature, such as welfare assistance, job training and health services.

As discussed earlier in this report, redevelopment activities are rooted in development, construction and the elimination of blighted physical conditions. This creates a linkage between housing and other forms of community development. This linkage extends beyond the planning, design, and construction management. It extends into creative finance, public investments, and grantsmanship, common to both commercial redevelopment and affordable housing endeavors.

Given these factors, it would seem reasonable to promote and foster common organizational support for redevelopment and housing.

Finally, interdepartmental coordination and information sharing are of critical importance. In view of the interdependence between the Redevelopment Agency and those departments which provide implementation support, a formal, interdepartmental Redevelopment Committee should be established, with regularly scheduled meetings.

VIII. Recommendations

ORGANIZATION AND STAFFING RECOMMENDATIONS

1. Consolidate Housing Program staff under the Redevelopment Agency.
2. Hire a Permanent Housing Program Coordinator.
3. Transfer MCC Program, Volunteer Home Repair Coordination, and Existing Program Income Funds to the Housing Program.
4. Utilize outside consultant to assist in the establishment of Housing Program Guidelines and the initial implementation of rehabilitation and other new programs.
5. Build additional “in-house” Housing Program staff capacity as program funding reaches sustaining levels, beginning with FY 99-00.
6. Housing Program should formalize monitoring of all new residential construction within RDA’s.
7. Housing Program should assume follow-up responsibilities on all formerly and newly constructed density bonus units.
8. Establish formal interdepartmental Staff Redevelopment Committee consisting of representatives of all implementation support departments and the executive management of the Redevelopment Agency. The Committee should be chaired by the Deputy CEO for Redevelopment.

PROGRAM RECOMMENDATIONS

Current Year Housing Program Activities

1. Initiate Kings Beach Housing Rehabilitation Program.
Funding Source: CDBG, RDA
2. Initiate Residential Construction Monitoring within the North Tahoe and North Auburn Redevelopment Areas.
Funding Source: RDA
3. Density Bonus Construction Affordability Maintenance Monitoring.
Funding Source: Application Fees or General Fund
4. Continue Density Bonus Development Review Processing (Planning Department).
Funding Source: Application Fees or General Fund
5. Implement Mortgage Credit Certificate Program (when available)
General Fund (for administration only)
6. Initiate Organization and Program Planning for First-time Homebuyer, New Construction Assistance and Rehabilitation Programs.
Funding Source: RDA

Subsequent Year Program Activities (Years 2-5)

7. Initiate Planning for North Auburn Seniors Rental Housing New Construction Project.
Funding Source: RDA/HOME/Other sources (depending upon availability)
8. Initiate First-time Homebuyer Assistance Programs.
Funding Source: RDA/HOME/Other sources (depending upon availability)
9. Initiate North Tahoe Employee Rental Housing Construction Project.
Funding Source: RDA/Other sources (depending upon availability)
10. Continue and Expand Housing Rehabilitation Program.
Funding Source: RDA/CDBG/Other sources (depending upon availability)
11. Apply to State CDBG for Sheridan Housing Rehabilitation funds –1999 General Allocation.
Funding Source: CDBG/RDA

